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No. 82-1075

ALLAN L. STEVAS
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IN THE
Supreme Court of the United States

OCTOBER TERM, 1982

CPG PRODUCTS CORP. and GENERAL
MILLS FUN GROUP, INC., *Petitioners*,

v.

ANTI-MONOPOLY, INC., *Respondent*.

On Petition For A Writ Of Certiorari To The
United States Court Of Appeals For The Ninth Circuit

PETITIONERS' REPLY BRIEF

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PETITIONERS' REPLY BRIEF

1. Respondent repeatedly characterizes as a "sham issue" (Br. in Opp. 23, 24, 27, 30, 60) the question whether a registered trademark becomes generic if a majority of the public is motivated to buy the product for its own qualities rather than out of loyalty to the producer. But that is *precisely* the distinction drawn by the "Motivation Survey" on which the court of appeals placed exclusive reliance in its reversal of the district court. Because 65 percent of the people who were asked to choose which of

two statements best expressed their reason for purchase said:

I want a "Monopoly" game primarily because I am interested in playing "Monopoly," I don't much care who makes it.

and only 32 percent chose:

I would buy Parker Brothers' "Monopoly" game primarily because I like Parker Brothers' products.

the court of appeals decided that the district judge *had* to find "that the primary significance of 'Monopoly' is product rather than source" (Pet. App. 18a). Indeed, the court of appeals summarized the survey in precisely these terms when it said that "two thirds of the members of the public who purchased the game wanted 'Monopoly' and did not care who made it" (Pet. App. 12a).

At no point in our Petition did we construe the opinion below as requiring the public to recall the precise name of the manufacturer of the trademarked product. We said, in the passages quoted at page 23 of the Brief in Opposition, that the Motivation Survey erroneously made the public's "affection" for and "loyalty" to a particular producer (*not* the ability to recall the producer's name) the dispositive element. The court of appeals held, entirely because of the Motivation Survey, that if 65 percent of the buying public does not "much care who makes it," the product's registered trademark is invalid. Only if a majority of the buying public had said that they bought the product "primarily because I like [the producer's] products" would the court of appeals have sustained that trademark. Thus, by the court of appeals' standard, the continued validity of the "MONOPOLY" trademark depends entirely on the issue which respondent describes as "sham"—*i.e.*, whether the public is motivated to buy the product because of its producer or because of the prod-

uct's own qualities.¹ That is not—and should not be—the proper standard of trademark law.²

2. Recognizing the weakness of the court of appeals' decision, respondent insists that the decision below was based on grounds other than consumers' statements that the product itself, rather than loyalty to the producer, motivates them to buy. But none of the three additional grounds enumerated by the respondent (Br. in Opp. 18) was actually relied on by the court of appeals. "The first part of the Motivation Survey," which respondent describes as establishing that 82 percent of those who bought the game mentioned "product indicators" as their reasons (Br. in Opp. 15-16), was not viewed as probative by the court of appeals. In the court's view, this 82 per-

¹ Respondent contends that the fact that the public occasionally identifies the game as "MONOPOLY" rather than as a "MONOPOLY" set is additional proof of genericness (Br. in Opp. 40-41). That argument is patently unsound. "TIDE" or "WHEATIES" do not become generic because purchasers speak of them without necessarily asking for "TIDE" detergent or "WHEATIES" cereal. And "TRIDENT" is not generic simply because it is referred to by its trademark alone, rather than as a pack of "TRIDENT" gum. Nor does the fact that there are competing detergents, cereals, and chewing gums distinguish these trademarks from "MONOPOLY." Contrary to respondent's insistence that "MONOPOLY" is so unique that it constitutes a "genus of one" (Br. in Opp. 35), it remains true that there are hundreds of competing board games with movable pieces.

² Respondent suggests that other trademark owners are concerned over the Ninth Circuit's decision because Parker Brothers "has been misleading [them] . . . with these sham issues" (Br. in Opp. 27). The newspaper articles which appear as an Appendix to this Reply Brief demonstrate that sound authorities, including knowledgeable law professors who are not easily misled by "sham issues," have expressed serious concerns over the effects of the court of appeals' decision. Attorneys representing many potential *amici* can also not be so easily misled.

cent "no doubt had both product related and source related reasons for buying" (Pet. App. 18a).

The second of respondent's asserted additional grounds—the "THERMOS" survey—was explicitly brushed aside by the court of appeals, which said that it was "compelling evidence of a proposition that is also dictated by common sense: an overwhelming proportion of those who are familiar with the game would ask for it by the name 'Monopoly' " (Pet. App. 14a). This is an uncontested proposition, which hardly required a survey. "TIDE," "WHEATIES," "TRIDENT," and "PAC-MAN" are also requested by their trademarks, and that is surely no evidence of genericness. Moreover, the "THERMOS" survey was characterized in the decisions of the district court and court of appeals in that case as only "corroborative" of conclusions based on other evidence. *King-Seeley Thermos Co. v. Aladdin Industries, Inc.*, 321 F.2d 577, 580 (2d Cir. 1963) (quoting from 207 F. Supp. at 22). Contrary to respondent's assertion, it was never considered "dispositive" (Br. in Opp. 39).³

Respondent's final suggestion is that the court of appeals based its decision on Parker Brothers' promotion of the mark "MONOPOLY." According to respondent, the game was promoted in a manner that caused the mark to become generic. The court of appeals' opinion does not, however, cite a single act of omission or commission by Parker Brothers that had this effect. Nor does it fault Parker Brothers in any way. It is clear that the court

³ Respondent has correctly pointed out an inaccuracy in footnote 8 of our Petition (Br. in Opp. 12), and we agree that the footnote should be amended accordingly.

⁴ While asserting that Parker Brothers vigorously policed all potential violations of its trademark (Br. in Opp. 6), respondent implies that these were efforts to extend its patent beyond its

below based its ruling entirely on the motivations expressed by consumers, and not on a theory of "abandonment, through acts of omission or commission" (Br. in Opp., i), on which respondent now claims that the decision rested.

3. In an effort to redeem the court of appeals' reliance on this Court's decision in the distinguishable *Shredded Wheat* case, respondent makes the far-fetched argument that the words "shredded wheat" as applied to the breakfast food are no more descriptive than the word "monopoly" as applied to Parker Brothers' board game (Br. in Opp. 28-29). That assertion is contrary to common sense and was squarely rejected by both courts below.

The cereal over which the Kellogg Company and the National Biscuit Company were litigating in the *Shredded Wheat* case was "a product composed of whole wheat which has been boiled, partially dried, then drawn or pressed out into thin shreds and baked." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 113 (1938). The words "shredded wheat" therefore "describe[d] it with a fair degree of accuracy." 305 U.S. at 116. In this case, the product is a real estate trading game, using a board and movable pieces. The word "monopoly"—which has a commonly accepted meaning in the field of economics and in general usage—can hardly be said to describe a game "with a fair degree of accuracy."

statutory expiration. In fact, the trademark enforcement was entirely distinct from Parker Brothers' patent rights and did not depend on patent enforcement. Respondent's specific enumerations of policing in the first part of its Brief in Opposition also refute its later general allegation that Parker Brothers "policed inadequately and allowed generic use by others" (Br. in Opp. 32).

In fact, respondent unsuccessfully made the same assertion it has now presented in this Court to both courts below. Judge Williams rejected respondent's contention in his first opinion (Pet. App. 57a-58a; footnote omitted):

While monopoly is a common word in the economic sense, its application to a game constitutes an unfamiliar use and is therefore arbitrary and unique. Nor is MONOPOLY in this context a mere descriptive term. It does not describe a game playing board and its accompanying pieces. At the most, MONOPOLY is a suggestive title validly registered without the necessity of proof of secondary meaning.

The court of appeals agreed with Judge Williams' conclusion in the course of its second opinion. Discussing respondent's contention that the "MONOPOLY" mark had been generic even prior to its registration, the court of appeals stated the legal issue as whether a "particular term" used "by a small number of people" to designate a game may be registered as a trademark (Pet. App. 8a). The court then said (Pet. App. 8a; emphasis added):

When a small number of people use a particular thing and call it by a particular name, *one which is not a common descriptive term for the thing*, a person may appropriate the name and register it as a trademark . . . [W]here, as here, the potential market is nationwide, and *where the name is used only by a small number of scattered consumers*, appropriation of the name as the trademark of one who produces for that potential market does not restrain competition to a significant degree.

Notwithstanding this rejection by both courts below, respondent persists in describing Parker Brothers' mark as "highly descriptive" (Br. in Opp. 56) and attempts, on

this erroneous basis, to analogize this case to the *Shredded Wheat* decision.⁵

4. Respondent asserts that the court of appeals' Motivation Survey is consistent with the *Aspirin*, *Cellophane* and *Thermos* decisions (Br. in Opp. 38-39). In fact, each of these three courts emphasized *understanding* and *meaning*, not motivation.

The *Aspirin* court said (272 F. at 509):

What do the buyers understand by the word for whose use the parties are contending?

The *Cellophane* court said (85 F.2d at 77):

The real problem is what it meant to the buying public during the period covered by the present suit.

The *Thermos* court said (321 F.2d at 580):

But the test is not what is available as an alternative to the public, but what the public's understanding is of the word that it uses.

There is simply no support whatever for respondent's declaration that "[i]n most primary significance cases, as in *Anti-Monopoly I* and *II*, the courts have preferred the buyer motivation test" (Br. in Opp. 42).

5. We argued in our Petition that the court of appeals' decision conflicted with the Lanham Act *not* because the

⁵ Respondent also seeks to draw an inference adverse to Parker Brothers by erroneously stating that the mark "MONOPOLY" has not been used "on any products or services other than the one game" (Br. in Opp. 56). In fact, the mark has been used on jig-saw puzzles. Moreover, there is no more requirement that "MONOPOLY" be used on lamps than that "ROLLS-ROYCE" be used on roller-skates. Neither has "TIDE," "TRIDENT," or "WHEATIES" been used on any product or service other than the one with which each is popularly associated. That fact surely does not make these marks generic.

word “generic” has a different meaning than “common descriptive name” (Br. in Opp. 43-46), but because (1) the Lanham Act recognized legitimate trademark functions other than identification of a “source” or “origin” of goods, and (2) the “incontestability provision” of the Act was designed to permit a genericness challenge only where an owner’s acts of omission or commission established “abandonment” of the trademark. Respondent does not respond specifically to either of these points, both of which are supported—and not contradicted in any way—by the lengthy quotations from the Act’s legislative history which appear in the Brief in Opposition (pp. 47-55).

Indeed, respondent appears to concede that the court of appeals’ decision rests on the proposition that product-identification and source-identification are “mutually exclusive alternatives” (Br. in Opp. 37). Under this view, a valid trademark, even if not descriptive when registered, can have only a single function—source-identification. If at any time in its history, more of the public identify the product than the source by that trademark, the genericness line has been crossed and the trademark is no longer valid, irrespective of the lack of blameworthiness of the trademark owner. The Lanham Act did not contemplate such a result; its language and its legislative history refute it.

6. Respondent’s recitation of the court of appeals’ reversal of Judge Williams’ various findings (Br. in Opp. 60-65) buttresses our argument that Rule 52(a) was violated when the appellate court simply substituted its conclusion for the district judge’s. Respondent apparently concedes that the court of appeals, invoking only its own appraisal of the facts, (1) overruled the trial judge’s conclusion that the Motivation Survey was “inherently biased” (Br. in Opp. 61), (2) rejected the trial judge’s

finding that the survey rested on "subjective grading" (Br. in Opp. 61-62), (3) disagreed with the trial judge's disapproval of "the questions asked in the survey" (Br. in Opp. 63), and (4) reached its own conclusion on the effect of Parker Brothers' expenditures for promotion of its game (Br. in Opp. 64). Each of these areas should have been left for determination by the district court. With respect to each, there was substantial evidence supporting Judge Williams' conclusion. The court of appeals simply disregarded the standard of Rule 52(a), even while it was citing this Court's recent rulings enforcing the Rule.

CONCLUSION

For the foregoing reasons and those stated in our Petition, the writ of certiorari should be granted.

Respectfully submitted,

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Business and the Law | Tamar Lewin

Trademark Controversy

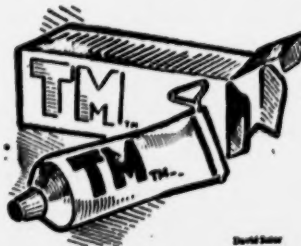
PARKER BROTHERS may have lost its monopoly on Monopoly and the reasoning of the court decision striking down its trademark has the owners of thousands of other trademarks on consumer goods up in arms.

"You could pick almost any consumer product manufacturer in the Fortune 500, and they'd be very concerned about this decision," said Brian Leitman, who teaches trademark law at the Georgetown University Law School. "The fear is that the court is going to start to punish people whose product is unique and well known by finding that uniqueness makes it more likely that the trademark will become the generic name of the product."

And since trademark protection is the name of the game in marketing all kinds of goods, many other trademark owners are likely to join Parker Brothers in a Supreme Court appeal of the Aug. 28 decision of the United States Court of Appeals for the Ninth Circuit upholding a competitor's right to sell a game called Anti-Monopoly.

According to the court decision, a trademark becomes invalid when it primarily denotes the product, not the producer. Under the law, the court held, a registered trademark must be canceled if it becomes "the common descriptive name of an article."

"Even if only one producer — Parker Brothers — has ever made the Monopoly game, so that the public necessarily associates the product with that particular producer, the trademark is invalid unless source indication is its primary significance," the court said. "When members of the consuming public use a game name to denote the game itself, and not its producer, the trademark is generic and, therefore, invalid," it added.



David Sauer

In the case of Monopoly, 65 percent of the consumers surveyed chose the statement, "I want a Monopoly game primarily because I am interested in playing Monopoly; I don't much care who makes it," and only 22 percent of the consumers surveyed chose the statement, "I would buy Parker Brothers' Monopoly game primarily because I like Parker Brothers' products."

Many trademark lawyers, however, think this is not the proper test.

"You don't have to know Crest is from Procter & Gamble to have the trademark identify the source," said Robin Rolfe, executive director of the United States Trademark Association. "If every time you pick up a tube of Crest, you know you're going to get the same quality and the same performance, that is an identification with the source, even though the source is anonymous. Until this decision, everyone thought anonymous sources were fine. And we still believe this decision is an anomaly."

Oliver Howes, who argued the case for Parker Brothers, said it would be appealed to the Supreme Court because it seems to be a divergence from the accepted interpretation of trademark law.

"Everybody always thought the test was purchaser perception, but now this decision says it's purchaser motivation," he said. "If it's purchaser perception, Monopoly does well. We conducted a survey about a number of terms, asking whether consumers thought they were a brand name, like Crest toothpaste, or a product name, like the word automobile. And in the survey, Monopoly was a brand name like Tide, not a product name like margarine." But by the court's reasoning, it might be necessary to call the product Parker Brothers' Monopoly in order to be protected.

Miss Rolfe said that "the effect of this test is that every consumer product trademark is going to fall unless it's marketed" as something like 3M Scotch Brand Tape. In fact, she added, some new advertising campaigns are already moving in that direction: "when you turn on the television and see the Parker Brothers advertisements, they must say Parker Brothers 100 times."

This approach could pose a special problem for companies such as Procter & Gamble that market a number of brands of the same product and play down the fact that all of them come from the one manufacturer. But if, say, the trademark Tide is now identified primarily with the laundry detergent product and not with Procter & Gamble, the producer, the new decision could force Procter & Gamble to start selling "Procter & Gamble's Tide" in order to protect its trademark.

Similarly, Monopoly would turn into "Parker Brothers' Monopoly" and competitors would be free to come into the market with a product called "Jones Brothers' Monopoly."

"I don't think this decision is right," Mr. Leitman said. "Parker Brothers has spent a lot of time and money promoting Monopoly. Under this ruling, conceivably, they could lose all their rights to someone who came along and sold their own version of Monopoly. That's not how trademark law is supposed to work."

Business



Thomas Oliver

Trademark ruling sends a big scare

The U.S. Ninth Circuit Court of Appeals sent a frightening message to the owners of trademarks last week: Most trademarks could be ruled generic.

The court's ruling also implied that companies which purchase trademarks, such as in the course of acquiring another company, may be purchasing worthless symbols.

The court ruled that Parker Brothers Inc.'s trademark for its board game Monopoly had become generic and the trademark was no longer valid.

Although many past trademarks have fallen into generic use — such as cellophane, nylon and escalator — the Ninth Circuit Court's basis for the Monopoly ruling has "turned trademark law upside down," according to Parker Brothers President Randolph Barton and trademark experts.

Parker Brothers plans an appeal to the Supreme Court, and, because of the precedent-setting nature of the Monopoly case, it may be one of the very few trademark cases ever to go to the high court.

Trademark protection legislation is considered by many as the first consumer protection law. The initial law and subsequent court rulings established trademarks as identifying a single product from a single source. Their value to the consumer was to guarantee consistent quality.

The old standard

If the trademark doesn't stand for a single product from a single source, then it is no longer a valid trademark. That, until last week, had been the standard by which a trademark was judged to be valid or generic.

But the Ninth Circuit Court said, "When a trademark primarily denotes a product, not the product's producers, the trademark is lost."

"When the consuming public uses a game name to denote the game itself, and not its producer, the trademark is generic and therefore invalid," the court wrote in its second reversal of a nine-year-old suit brought against the makers of Anti-Monopoly, another board game.

A customer going to buy the game Monopoly, according to this far-reaching decision, must know that Parker Brothers manufactures it. The court didn't address the fact that Parker Brothers is actually a subsidiary of another company, General Mills Inc. Technically, General Mills produces Monopoly, but how many consumers know that?

Acquiring companies that own valuable trademarks could become riskier if this ruling is upheld.

Coca-Cola's concern

Atlanta, of course, is the home of two of the world's most famous trademarks — Coca-Cola and Coca. And while Coca-Cola Co. General Counsel Robert A. Keller reasons that the new court ruling wouldn't threaten either of these trademarks — the names of the company and product are similar — he is concerned about the company's many other trademarks, such as Minute Maid.

Coca-Cola spends "millions of dollars" annually on its trademark protection program. If companies do nothing when their trademarks are violated, courts usually have ruled those trademarks invalid.

In addition to Coca-Cola, Xerox, Sanka, Kleenex and Johnson & Johnson's Band-Aid have been the focus of vigorous, successful trademark protection campaigns.

But others' trademarks, such as Bayer's aspirin, have become generic.

The American Thermos Bottling Co. lost its "thermos" trademark to generic use in 1962 partly because it had not defended thermos as a trademark. For 30 years, the company was "reluctant to object to non-trade generic uses of the word for fear of creating ill-will and for fear of losing the economic advantage which accrued to it through the widespread free advertising which resulted from such use."

That's like giving the trademark away, Keller said.

Staff writer Thomas Oliver reports on marketing.